

29 July 2002

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ENVIRONMENTAL LEADERSHIP

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SUPPL

Dear Sir/Madam

I enclose a copy of a Company Announcement released on Friday 26 July 2002.

Yours faithfully,


Michelle Woodall
Senior Company Secretarial Assistant

Enc.

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FINANCIAL



Severn Trent Plc AGM

At Severn Trent's AGM in Nottingham today, Robert Walker, the Group Chief Executive, will summarise the performance of the Group as follows:

"Overall 2001/02 has been another year of progress for the Severn Trent Group. In 2001/02, Group turnover was up by 6.7% to just under £1.8 billion and profit before interest, tax, goodwill amortisation and exceptional costs was up by 4.6% to £418.8 million.

Severn Trent Water's turnover was up £12.7 million to £899.9 million and its profit before interest and tax up £3.6 million to £334.1 million. Biffa increased its turnover by 24.9% to £494.8 million and its profit before interest, tax, goodwill amortisation and exceptional costs was up by 59.7% to £73.0 million, reflecting the benefit of the UK Waste acquisition. Services' turnover increased by 8.9% to £381.6 million, but profits fell by 16.0% to £32.0 million.

We said at the announcement of our year-end results on 11 June that, overall, the Group is likely to experience a challenging year in 2002/03. Shareholders should not assume that the inherent profit reduction for Severn Trent Water in 2002/03, which reflects its broadly unchanged prices, can be made up by the performance of the rest of the Group.

Looking forward, we aim to grow shareholder value by establishing Severn Trent as the UK's leading supplier of environmental services. Already Biffa is the UK's largest supplier of integrated waste management services. In the US we intend to build on our leadership position in the analytical services market."

Enquiries:

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|--|---------------------|---------------|
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